

STATE OF ILLINOIS

METHODS AND STANDARDS FOR ESTABLISHING INPATIENT RATES FOR HOSPITAL REIMBURSEMENT:
MEDICAL ASSISTANCE-GRANT (MAG) AND MEDICAL ASSISTANCE-NO GRANT (MANG)

- b. For the rate periods described in Section B.2.b. of this Chapter, the HCFA Medicare DRG grouper which is in effect 90 days prior to the date of admission, adjusted for differences in Medicare and Medicaid policies and populations, as described in Section A.1. of Chapter IV.

10/93 6. "PPS Pricer" means:

- a. For the rate period described in B.2.a. of this Chapter, the HCFA Medicare PPS Pricer, Version 92.0.
- b. For the rate periods described in B.2.b. of this Chapter, the HCFA Medicare PPS Pricer version that is in effect 90 days prior to the date of admission.

==07/95 7. "Marginal Cost Factor" means:

- ==07/95 a. For the rate period described in Section B.2.a. of this Chapter, the marginal cost factor shall be the same as those employed by Medicare on September 1, 1992.
- ==07/95 b. For the rate periods described in Section B.2.b. of this Chapter, the marginal cost factor shall be the same as those employed by Medicare ninety days prior to the date of admission.

==07/95 8. "Cost Outlier Threshold" means:

- ==07/95 a. For the rate period described in Section B.2.a. of this Chapter, the cost outlier threshold shall be the same as those employed by Medicare on September 1, 1992, adjusted for the differences in Medicare and Medicaid policies and population, as described in Section A.1. of Chapter IV.
- ==07/95 b. For the rate periods described in Section B.2.b. of this Chapter, the cost outlier threshold/fixed loss threshold shall be the same as those employed by Medicare ninety days prior to the date of admission.

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METHODS AND STANDARDS FOR ESTABLISHING INPATIENT RATES FOR HOSPITAL REIMBURSEMENT:
MEDICAL ASSISTANCE-GRANT (MAG) AND MEDICAL ASSISTANCE-NO GRANT (MANG)==07/95 XVII. Supplemental Disproportionate Share Payment Methodology for
Hospitals Organized Under the Town Hospital Act

05/95 A. The Department shall make supplemental disproportionate share (DSH) payments in accordance with this Chapter to hospitals that meet all of the following requirements:

05/95 1. Qualify for DSH payment adjustments in accordance with Chapter VI, Section C.1.

05/95 2. Are organized under the Town Hospital Act [60 ILCS 55].

05/95 3. Have entered into an agreement, approved by the Director.

05/95 B. Review Procedure

05/95 The review procedure shall be in accordance with Chapter IX.

05/95 C. Applicable Adjustments for Disproportionate Share Hospitals (DSH)

05/95 1. The criteria and methodology for making applicable adjustments to government owned DSH hospitals as described in Section A of this Chapter shall be in accordance with Chapter VI.

05/95 2. Effective with dates of service on or after May 13, 1995, in addition to the DSH payment adjustments described in Chapter VI, hospitals reimbursed under this Chapter shall be eligible for supplemental DSH payments. Effective with admissions on or after May 13, 1995, supplemental DSH payments for hospitals reimbursed under this Chapter shall be calculated by multiplying the sum of the hospital's alternate cost per diem rate in effect on May 13, 1995, as described in Chapter VIII, Sections A.2 and B, and the calculated disproportionate share per diem payment adjustment in effect on May 13, 1995, as described in Chapter VI, by the hospital's percentage of charges which are not reimbursed by a third party payor for the period of August 1, 1991 through July 31, 1992. The resulting product shall be multiplied by 6.25 and this amount shall be the supplemental DSH payment which shall be paid on a per diem basis and shall be applied to each covered day of care provided. The supplemental DSH

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Attachment 4.19-A

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payments can not exceed the amount the hospital certifies as costs eligible for Federal Financial Participation under Title XIX of the Social Security Act.

05/95 3. DSH adjustments made under this subsection are subject to the DSH adjustment limitations described in Chapter VI.C.7.f.

05/95 D. Rate Period

05/95 The rate period for hospitals reimbursed under this Chapter shall be the 12 month period beginning on October 1 of the year and ending September 30 of the following year, except for the period of May 13, 1995 through September 30, 1995.

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A. The Department shall make payments for certain hospitals providing graduate medical education for Medicaid inpatient admissions occurring on or after July 1, 1996, subject to the availability of funds from the accounts within the Medical Research and Development Fund, including any federal financial participation reimbursed for payments under Section A of this chapter. Payments shall be made to hospitals under the following criteria:

1. Each Qualified Chicago Metropolitan Statistical Area Academic Medical Center Hospital shall receive a percentage of the amount available from the National Institutes of Health Account, equal to that hospital's percentage of the total contracts and grants from the National Institutes of Health awarded to Qualified Chicago Metropolitan Statistical Area Academic Medical Center Hospitals and their affiliated medical schools during the preceding calendar year as reported to the Department.

2. Each Qualified Chicago Metropolitan Statistical Area Academic Medical Center Hospital shall receive payment from the Philanthropic Medical Research Account equal to 25% of all funded grants (other than grants funded by the State of Illinois or the National Institutes of Health) for biomedical research, technology, or programmatic development received by the Qualified Chicago Metropolitan Statistical Area Academic Medical Center Hospital during the preceding calendar year as reported to the Department.

3. Each Qualified Chicago Metropolitan Statistical Area Academic Medical Center Hospital shall receive payment from the Market Medical Research Account equal to 20% of the funding for the project, if, based upon submission of information to the Department, the hospital;

a. contributes 40% of the funding, that is at least \$100,000, for a biomedical research or technology project or a programmatic development project, and

b. obtains contributions from the private sector equal to 40% of the funding for the project.

B. No hospital receiving payments from the Medical Research and Development Fund shall receive more than 20% of the total amount appropriated to the Fund, except that total payments from the fund to the primary teaching hospitals affiliated with the Southern Illinois University School of Medicine, considered as a single entity, may not exceed the product of;

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1. one-sixth of the total amount available for distribution from the Medical Research and Development Fund, and
 2. the quotient of total National Institutes of Health grants or contracts awarded to the Southern Illinois University School of Medicine in Springfield and its affiliated primary teaching hospitals in the previous calendar year divided by \$8,000,000.
- C. The Southern Illinois University School of Medicine in Springfield and its affiliated primary teaching hospitals located in Springfield, considered as a single entity, shall be deemed to be a Qualified Chicago Metropolitan Statistical Area Academic Medical Center Hospital and for the purposes of calculating payments under Sections A and B. Payments under Sections A and B made to the Southern Illinois University School of Medicine and its affiliated primary teaching hospitals in Springfield, shall be made to, and divided equally between, the primary teaching hospitals in Springfield.
- D. Subject to the availability of funds from the Post-Tertiary Clinical Services Fund, including any federal financial participation reimbursed for payments under this Section D of this chapter, payments shall be made to Qualified Academic Medical Center Hospitals for up to three Qualified Programs in any given year as reported to the Department. Qualified Academic Medical Center Hospitals may receive continued funding for previously funded qualified programs rather than receive funding for a new program so long as the number of qualified programs receiving funding does not exceed three. Each hospital receiving payments under this ~~and~~ Section shall receive an equal percentage of the Post-Tertiary Clinical Services Fund to be used in the funding of Qualified Programs.
- E. Payments from both funds under this Chapter are made to cover the direct costs associated with providing Medicaid services and shall be made directly to the Academic Medical Center Hospitals due the funds, except any funds due to any primary teaching hospital for the University of Illinois at Rockford and the University of Illinois at Peoria shall be paid to the University of Illinois Hospital, which shall be bound to expend the funds on its affiliated hospitals due the funds. Payment rates from each fund described in this Chapter shall equal the product of:

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1. the total Medicaid general care admissions occurring at a qualifying hospital during the quarter for which a payment is made, multiplied by the product of;
 2. the percentage of grant dollars countable under this Chapter, and the quotient of;
 - a. funding available within an account or fund as described in this Chapter, divided by,
 - b. total Medicaid general care admissions occurring at a qualifying hospital during the quarter for which a payment is made.
- F. No Academic Medical Center Hospital shall be eligible for payments from the Medical Research and Development Fund unless the Academic Medical Center Hospital, in connection with its affiliated medical school, received at least \$8,000,000 in the preceding calendar year in grants or contracts from the National Institutes of Health, except that this restriction does not apply to the entity specified in Section C above.
- G. The rate period for payments under this ~~Section~~ Chapter shall be made for the 12 month period beginning July 1, 1996. A qualifying hospital's total annual payments from each fund and account described in this ~~Section~~ Chapter shall be divided into four equal payments and be made by the later of;
1. the fifteenth working day after July 1, October 1, January 1, and April 1, or
 2. the fifteenth working day after the Department's receipt of reporting information required under Section I below.
- H. Payments made under this Chapter are for inpatient Medicaid services provided in the 12 month period preceeding the rate period.
- I. Hospitals initially identified by the Department as qualifying under any payment criteria of this Chapter must complete and return a survey, developed by the Department, attesting to information required to calculate payments under this Chapter. Failure to complete and submit required information by dates established by the Department will result in forfeiture of payments under this ~~Section~~ Chapter.
- J. Definitions

As used in this Chapter, unless the context requires otherwise:

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1. "Academic Medical Center Hospital" means a hospital located in Illinois which is either under common ownership with the college of medicine of a college or University, or a free-standing hospital in which the majority of the clinical chiefs of service are department chairmen in an affiliated medical school.
2. "Academic Medical Center Children's Hospital" means a children's hospital which is separately incorporated and non-integrated into the Academic Medical Center Hospital, but which is the pediatric partner for an Academic Medical Center Hospital and serves as the primary teaching hospital for pediatrics for its affiliated medical school. Children's hospitals which are separately incorporated, but integrated into the Academic Medical Center Hospital are considered part of the Academic Medical Center Hospital.
3. "Chicago Metropolitan Statistical Area Academic Medical Center Hospital" means an Academic Medical Center Hospital located in the Chicago Metropolitan Statistical Area.
4. Non-Chicago Metropolitan Statistical Area Academic Medical Center Hospital means an Academic Medical Center Hospital located outside the Chicago Metropolitan Statistical Area.
5. "Qualified Chicago Metropolitan Statistical Area Academic Medical Center Hospital" means any Chicago Metropolitan Statistical Area Academic Medical Center Hospital that either directly or in connection with its affiliated medical school receives in excess of \$8,000,000 in grants or contracts from the National Institutes of Health during the calendar year preceding the beginning of the State fiscal year; except that for the purposes of Section C of this chapter.
6. "Qualified Non-Chicago Metropolitan Statistical Area Academic Medical Center Hospital" means the primary teaching hospital of the University of Illinois School of Medicine at Peoria and the primary teaching hospital for the University of Illinois School of Medicine at Rockford and the primary teaching hospitals for Southern Illinois University School of Medicine in Springfield.
7. "Qualified Academic Medical Center Hospital" means a Qualified Chicago Metropolitan Statistical Area Academic Medical Center hospital, a Qualified Non-Chicago Metropolitan Statistical Area Academic Medical Center Hospital, or an Academic Medical Center Children's Hospital.

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- a. Thoracic Transplantation: heart and lung, in particular.
- b. Cancer: particularly biologic modifiers of tumor response, and mechanisms of drug resistance in cancer therapy.
- c. Shock/Burn: development of biological alternatives to skin for grafting in burn injury, and research in mechanisms of shock and tissue injury in severe injury.
- d. Abdominal transplantation: kidney, liver, pancreas, and development of islet cell and small bowel transplantation technologies.
- e. Minimally invasive surgery: particularly laparoscopic surgery.
- f. High performance medical computing: telemedicine and teleradiology.
- g. Transmyocardial laser revascularization: a laser creates holes in heart muscles to allow new blood flow.
- h. Pet scanning: viewing how organs function (CT and MRI only allow viewing of the structure of an organ).
- i. Strokes in the African-American community: particular risk factors for cerebral vascular accident (strokes) in the African-American community at much higher risk than the general population.
- j. Neurosurgery: particularly focusing on interventional neuroradiology.
- k. Comprehensive eye center: including further development in pediatric eye trauma.
- l. Cancers: particularly melanoma, head and neck.
- m. Pediatric cancer.
- n. Invasive pediatric cardiology.
- o. Pediatric organ transplantation: transplantation of solid organs, marrow, and other stem cells.
- p. Such other programs as may be identified.

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==04/98 XIX. Public Notice and Comment Procedures

The State has in place a public process which complies with the
requirements of Section 1902(a)(13)(A) of the Social Security
Act.

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07/98 XX. Pediatric Inpatient Adjustment Payments

07/98 Pediatric Inpatient Adjustment Payments shall be made to all eligible hospitals excluding county-owned hospitals, as described in Section II.C.8, and hospitals organized under the University of Illinois Hospital Act, as described in Chapter II.C.8, for inpatient services occurring on or after July 1, 1998, in accordance with this Section.

10/99 A. To qualify for payments under this Chapter, a hospital must be a children's hospital, as defined in Chapter II.C.3, that was licensed by a municipality on or before December 31, 1997. Hospitals qualifying under this Section shall receive an adjustment for inpatient services equal to the product of the hospital's psychiatric and physical rehabilitation days, provided to children under 18 years of age during the adjustment base year, multiplied by \$890 per day. Payments under this subsection will be based on the following methodology:

10/99 B 1. The calculation under subsection A. of this Chapter may not exceed 850 days.

10/99 B 2. For the purposes of calculating payments under this Chapter, the adjustment base year shall be psychiatric and physical rehabilitation days of care provided by the portion of the hospital that the Department does not recognize as a children's hospital. Such days include those provided in State fiscal year 1997 and adjudicated by the Department through March 31, 1998.

10/99 B. In addition to the payments described under subsection A. above, any children's hospital, as defined in II.C.3. will receive an additional adjustment equal to the product of the hospital's paid days, excluding Medicare crossover claims, multiplied by \$123.50 per day. Such days include those provided in State fiscal year 1999 and adjudicated by the Department through May 31, 1999.

10/99 C. For the rate year occurring in State fiscal year 2000, total payments made under subsection B. above will be made in three equal payments beginning with the quarter ending December 31, 1999.

10/99 D. For rate years occurring after State fiscal year 2000, total payments made under subsection B. above will be made in four equal payments.

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